

# The Growing Problem of Paperwork

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*More than 8 million people are engaged full time in doing paperwork. And analysis shows that they are probably about 50 per cent productive. We paid \$75 billion for their work last year. Want to try for more? Paperwork is something the executive should investigate. It can bring real savings to the company that takes the right approach to the problem. Here's one of the country's leading experts, suggesting the executive approach to the whole problem.*

Paperwork problems present a tremendous problem to management today. This challenge will grow tomorrow and become even more important. The problems today are many. The volume of paperwork is continually growing. The cost of doing that paperwork has been rising rapidly. The time required for the preparation of the paperwork, which, when delays are involved, makes the paperwork increasingly less valuable, is becoming an ever more important factor. Errors and inaccuracies, of course, detract from the value of the finished product. All of these problems will continue, and may grow rapidly tomorrow, unless we mend our ways insofar as our approach to improving them is concerned.

New machines, incredibly fast, which have been developed in recent years won't solve the problems, might even aggravate them. Systems, made more foolproof and comprehensive, are not the answer. Tighter controls are likely to add to the burden rather than alleviate it.

We are all prone to look for an easy short cut—a sure cure. As new techniques are developed, we embrace them enthusiastically—look for marvels in results, continually hope for a magic cure-all.

We've all heard of systems analysis, forms control, records retention, work measurement, incentives (particularly wage incentives), mechanization, integrated data processing, statistical sampling, automation, operations research, empathy, humanics, human engineering, and other. Each of these has frequently been represented by some of its practitioners as a cure-all for our problems.

## What Is the Key?

There is, however, I believe, a key which is capable of opening the door to the solution. That key is "understanding." But understanding what?

First we must get back to fundamentals and have a clear *understanding* of what we mean by paperwork. I have asked many men to define it for me in terms of what we do, what we are working with, and why we do it. In those terms, we usually arrive at something like this. Paperwork is the recording, storing, analysis, and reporting or transmitting of information (sometimes facts) for only one reason: To help somebody do his job better.

Whether it is to let the janitor know when to clean the room and what equipment or materials to use, or whether it is to have information available for the board of directors five years from now to enable them to make a decision as to whether to expand facilities, extend territory, or change products—the only real reason is: To help someone do a better job.

We must also get back to a basic *understanding* of our objective in business. That objective should be: To produce a product or service which our customers want, of a quality suitable to their needs, at a price they can afford, and which will provide a profit. We should also understand that profit is the key to the success of our economy.

I can remember a time not long ago when some companies apologized for making profits. In our economy, profit is the foundation of security. We must also appreciate that profit is dependent upon productivity. Only as individuals accept the responsibility to produce in order to make a profit can they assure security.

### **What Is Paperwork For?**

We must *understand* that only as paperwork helps assure our objectives is the paperwork justified. Perfection in records, systems, or control is not the objective, but unfortunately it seems to be in some situations. Whether our recording of information is done by pencil, pen, a machine such as a typewriter or bookkeeping machine, by punching holes in tape, or recording magnetic impulses to operate electronic computers makes little difference. Only as any of these methods of processing information further our objective are they of value

We must *understand* each of the techniques—systems analysis, forms control, records retention, work measurement, mechanization, integrated data processing, automation, operations research, human relations, and the many others. We must particularly appreciate that while each of these is important, we only achieve the full benefit of their application when we integrate all of them in proper relationship to a coordinated business way of life.

When we apply any one of them to our paperwork problems, we may make dollar savings in what seem to be substantial amounts. Actually, the dollar savings from any one of the techniques is only a small part of the total savings available. But, unfortunately, the dollar savings frequently lull us into a sense of security, and we may neglect to apply the other possible techniques.

We should *understand* what paperwork is costing our economy nationally and develop a conservative estimate as to what the cost is in our own organization. Over 8 million of our working people are clerical workers devoting 100 per cent of their time to paperwork. When we add to that the part-time activities of production people; production supervision; staff people such as industrial engineers, production control people, engineering department, auditing, and the other staff functions; over 25 per cent of our man-hours are devoted to paperwork activities.

Last year we paid \$75 billion in wages for this work. Analysis of productivity of people engaged in paperwork activity indicates that they are not much more than 50 per cent productive. In a proper atmosphere, they could undoubtedly produce half again as much as they do now. This means that a third of the \$75 billion is waste.

In addition to that, a critical examination of the paperwork now being done in most organizations in terms of whether or not it helps anyone do his job better will disclose that somewhere between 30 and 50 per cent of the paperwork being done does not measure up. This would add to our waste another \$15 billion, making it a total of \$40 billion of waste in paperwork annually. If I'm not mistaken, this is almost twice the total corporate profits for last year.

### **Does Right Approach Mean Savings?**

In recent years a number of companies have demonstrated that with a properly integrated approach to improving paperwork, they can eliminate waste which had been costing the equivalent of the profit on a 10 per cent increase in business the first year. During the second year they have demonstrated that the accumulated savings can be more than doubled.

If we are going to solve our problems, we must set adequate goals for the elimination of waste in paperwork. From experience it would seem that savings equal to 10 per cent of the profits should not be out of line the first year. An ultimate saving should approach between 50 and 100 per cent of the annual profit of the organization.

Our *understanding* of the new equipment which is being developed is essential.

Marvelous advances have been made. But we have only added new tools to aid in the elimination of waste. In order to use the fantastic speed, flexibility, and accuracy of some of the new equipment effectively, we must first get our house in order. We must eliminate the “water” from our present systems before we mechanize. For many of us, if we mechanize what we are doing now, we will make it faster, perhaps cheaper and more accurate to obtain the end results which we are now obtaining, but we will mechanize much that should be eliminated. That will only compound a felony and perpetuate waste.

The sound approach of paperwork simplification is still prerequisite to mechanization, integrated data processing through new equipment, or the use of electronic methods and computers.

The better *understanding* of the purpose of controls and control reports can open the way to tremendous savings in paperwork. Controls should indicate a trend in the wrong direction so that corrective action can be taken before the damage is done. In too many cases, controls are not controls at all, but rather a historical record of how bad the damage has been after it's too late to do much about it.

In production cost reports, for example, we accumulate vast quantities of data regarding direct labor, direct material, indirect labor and material, and burden. This accumulation has been completed perhaps by the end of the first week of the following month to show what happened in the previous month. More often it is not ready until the middle of the following month. Literally, it is locking the barn door after the horse has been stolen.

### **How to Plan in Advance**

In most organizations we plan what we will do in advance. We plan production and estimate costs. We should look for some simple indicator such as man-hours related to the volume of finished product which can be followed on an up-to-the-minute basis. When a trend begins which indicates that we may be going to get out of bounds on cost, that should be the signal that would set off all the bells and whistles we can devise. Action should be taken then to prevent loss.

In many companies, quality is controlled on this basis. An intelligent approach to our other control requirements can develop similar methods for preventing loss to replace the archaic approaches of determining how much *has* been lost. At the same time, the accumulation of fantastic amounts of data and tremendous volumes of paperwork can be eliminated.

Another area in which a similar approach can be made is in that of inventory. Many companies have lost expensive items in the past. As a result, they set up comprehensive, foolproof systems to control inventory. But they apply the system not only to the expensive items, but to paper clips, pencils, cotter pins, washers, nuts, bolts, and other cheap items. Analysis of inventories indicates that about 10 per cent of the items carried in inventory represent 90 per cent or more of the total value of the inventory. Thus 50, 60, even 70 per cent of the items are of such low value that the system cost exceeds the possible loss that might be suffered if no system at all were maintained.

An *understanding* that controls should prevent loss, should be dynamic, and signal significant deviations from normal before damage is done, so that preventive action can be taken, is most important.

Empathy has received a lot of attention recently. Briefly, it means understanding the other fellow. This is fine. However, it seems to me there is a prerequisite. We must *understand* ourselves first if we are to be effective. My mother had a favorite quote I learned as a youngster which has stood me in good stead. "To thine own self be true, and it must follow, as the night the day, Thou canst not then be false to any man." By understanding yourself truly, you have made tremendous strides in understanding the other fellow.

We must *understand* the need of our worker to "feel important, feel needed, feel that he belongs." We must not make the mistake of assuming that because we pay him well we have purchased his interest, loyalty, and support. Those things, and enthusiastic work, cannot be bought. They must be earned by the management.

Following the 1954 elections, *U. S. News* analyzed the trends behind the election. There were, of course, many factors behind the trends. The most significant to me, however, was represented by an interview of a mass-production worker in Detroit. The worker was asked how he voted and why. His reply was, "Well, all of the bosses around here vote Republican, so naturally we guys vote Democratic." This is a sad commentary on American business leadership, or the lack of it.

We must *understand* that our economy has been built on the basis of a team—a prosperous team—not push-button activity. If the irresponsible comments about push-button office and push-button factory were able to be carried through to what would seem to be the logical conclusion, to eliminate workers, we would simultaneously destroy our economy by eliminating our customers as well. This, of course, is ridiculous. Instead of eliminating workers, the new marvels place on

management an added responsibility to help in upgrading those workers so that they can handle the more responsible jobs involving the new equipment.

The development of an effective production team, improvement, and the elimination of waste require close co-operation and enthusiasm on the part of every member of the team. This is a selling job of the highest type, selling ideas, intangibles. There is one rule for good selling which applies across the board. That is the Golden Rule. The best sales manual ever written, far superior to any of the current hot-shot sales books, was written almost 2,000 years ago in the New Testament.

But some people think this is mixing sentiment with business and they shy away from it. For them I suggest they be hard-boiled, really hard-boiled, but realistic. Recognize that there are 10 voters at the bottom of the ladder for every one in management. As long as they feel as *U. S. News* indicates they feel, they'll continue to vote against what management says is good. If management is correct and they vote against management, we'll have a continuing, accelerated trend toward socialism.